



The Commonwealth of Massachusetts

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

WESTERN MASSACHUSETTS ELECTRIC COMPANY

D.T.E. 04-106

SECOND SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO WESTERN MASSACHUSETTS ELECTRIC COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Western Massachusetts Electric Company ("WMECo" or "Company") the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please file one copy of the responses with Mary L. Cottrell, Secretary of the Department and with all parties; also submit two (2) copies of the responses to John J. Geary, Hearing Officer; one (1) copy of the responses to Sean Hanley, Assistant Director, Rates and Revenue Requirements Division; one (1) copy of the responses to Paul E. Osborne, Assistant Director, Rates and Revenue Requirements Division; one (1) copy of the responses to Jeff Hall, Analyst, Rates and Revenue Requirements Division; one (1) copy of the responses to Joseph Passaggio, Rates and Revenue Requirements Division; one (1) copy of the responses to Xuan Yu, Analyst, Rates and Revenue Requirements Division; one (1) copy of the responses to Meera Bhalotra, Analyst, Rates and Revenue Requirements Division; and one (1) copy of the responses to Claude Francisco, Analyst, Rates and Revenue Requirements Division.

For Bulk Responses, one (1) copy should be submitted directly to John Geary and one (1) copy should be submitted directly to Paul Osborne.
8. All non-proprietary responses should be submitted by e-mail to dte.efiling@state.ma.us and to the e-mail address of any party required to be served.
9. Responses are due by the close of business (5:00 p.m.) Monday, December 13, 2004.

INFORMATION REQUESTS

- DTE 2-1 Please provide the following for WMECo’s for the year 2003 and the available documents for 2004:
- (1) the 10-Ks;
 - (2) the 8-Ks;
 - (3) the 10-Qs;
 - (4) the quarterly reports to bondholders and shareholders;
 - (5) the Annual Reports to shareholders and bondholders;

- (6) the Annual Returns to the Department; and
- (7) any auditor's reports

- DTE 2-2 Please provide all statements and materials supplied by the Company to financial analysts, securities analysts, rating agencies and utility groups from January 1, 2003 to the present.
- DTE 2-3 Please provide all publications, rating announcements, etc., concerning the Company and its affiliates by Moody's, Standard & Poor's, Argus and other similar entities from January 1, 2003 to the present.
- DTE 2-4 Please provide the earned return on average common equity for the twelve-month periods ending June 30, 2003, December 31, 2003, and June 30, 2004 for the Company and each of its affiliates.
- DTE 2-5 Please provide the debt and equity rating history for the years 2000 through 2004 for the Company and its affiliates.
- DTE 2-6 Please provide a breakdown of all properties sold or transferred from the Company's books since January 1998. For each transaction, please provide a schedule indicating the date the property was sold or transferred, the sale price, the book value at the time of sale, the gain or loss recorded on the Company's books, whether the property sold was included in a rate case filing, and whether the sale or transfer was made to an affiliated company. For each property sold or transferred to an affiliated company, please provide the fair market value at the time of the sale or transfer and provide the workpapers in support of the calculation of the fair market value.
- DTE 2-7 Please indicate whether WMECo performed any study to allocate the Company's total costs among rate classes on the basis of a revenue deficiency of \$16.931 million or any other level of revenue deficiency. If yes, provide a copy of that study. If no, explain why not.
- DTE 2-8 Please provide the 2002 and 2003 depreciation accrual rates and depreciation expense by plant account.
- DTE 2-9 Please itemize all expenses from the Company allocated to any of the Company's affiliates. In your response, include the expense account description, account number, allocation formula, all workpapers, calculations, assumptions and basis for assumptions for each expense allocated.

- DTE 2-10 Please itemize all expenses allocated or assigned to the Company from each of its affiliates. In your response, please include the expense account description, account number, allocation formula, all workpapers, calculations, assumptions and basis for assumptions for each expense allocated.
- DTE 2-11 Please itemize and quantify all extraordinary income booked by the Company during the years 2002 and 2003.
- DTE 2-12 Please describe the types of new service offerings being developed by the Company. In responding to this question, provide a detailed description of the new service being developed or being considered by the Company for future development. New services can be defined as any new product or service that will be provided by the Company and will be available to consumers for a fee or be made available to the public free of charge (e.g., equipment sales, rentals, or service; conservation and load management services; energy audits or advice).
- DTE 2-13 Please provide a breakdown of the 2003 Miscellaneous Revenues by source. Provide the amount of expenses by account associated with generating these miscellaneous revenues.
- DTE 2-14 Please provide a chart of accounts for the Company for the twelve month period ended December 31, 2003. Include subaccounts, titles to the subaccounts, and balances of the subaccounts.
- DTE 2-15 Please itemize and quantify all Northeast Utilities and Company employee bonuses and incentive compensation plan payments incurred during 2003.
- DTE 2-16 Please itemize and quantify for each Northeast Utilities and Company management employee and officer the compensation and benefits including bonuses paid to each management employee and officer during 2003.
- DTE 2-17 Please provide by year both the dollar amount and percent capitalized of the wages and salaries for 1999-2003.
- DTE 2-18 Please provide by year both the dollar amount and percent capitalized of each of the employee benefits for 1999-2003.
- DTE 2-19 Please provide the following information regarding the Company's insurance policies:

- (1) a breakdown of the insurance expenses recorded in 2003 and for each insurance expense, please provide a detailed explanation for any differences between the expense amounts included in the year and the insurance premiums paid during that year;
- (2) if the Company only pays a portion of the insurance expense, please provide a summary of each insurance invoice showing the total expense and the Company's allocated portion of the expense;
- (3) if any insurance expense (including premiums) recorded in 2003 have been allocated or assigned to the Company from any affiliate, please indicate the amount allocated or assigned and the method of assignment and provide copies of all policies for which expenses are allocated or assigned; and
- (4) an itemization and quantification of any insurance proceeds (e.g., reimbursements, recoveries, refunds, distributions, adjustments) received by the Company during 2003, along with a complete and detailed description of the accounting treatment given those proceeds.

DTE 2-20 Please provide a complete and detailed description of each self-insurance procedure that Northeast Utilities and the Company has in effect. For each, provide (but do not limit the response to) the following information:

- (1) a description of the nature of the risks being insured;
- (2) 2002 and 2003 accounting of the self-insurance plan costs, including the year beginning and ending reserve balance and an itemization of the debits and the credits to the reserve during the year, as well as a five-year history of the debits and credits to that reserve; and
- (3) a complete and detailed description of the method used to determine the annual year insurance expense including all calculations, formulae, assumptions, and workpapers.

DTE 2-21 Please provide an itemized list of all lease-type expenses paid during 2003 (if the Company only pays a portion of the total lease expense, provide a summary of each lease invoice showing the total lease expense and the Company's allocated portion of the expense.). Also indicate when each lease expires.

- DTE 2-22 Please provide a detailed breakdown of the Company's 2003 year-end balances of miscellaneous deferred debits. Indicate the amounts and the accounts that were charged when the deferred debits were credited during those years.
- DTE 2-23 Please provide the accounting information for all out-of-period book adjustments made to book entries for 2003.
- DTE 2-24 Please provide a detailed breakdown of the Company's 2003 year-end balances of other deferred credits. Indicate the amounts and the accounts that were charged when the deferred credits were debited during those years.
- DTE 2-25 Please provide for each of the last three years (i.e., 2001-2003), the gross write-offs and recoveries for each customer class.
- DTE 2-26 Please identify all uncollectible write-offs amounting individually to \$5,000 or more for 2003.
- DTE 2-27 Please provide a detailed description of the Company's accounting policy governing the write-off of accounts receivable.
- DTE 2-28 Please provide a detailed description of the Company's method of accounting for unbilled revenues. Provide a complete and detailed description of the formula used to determine the amount of year end unbilled revenue.
- DTE 2-29 Please itemize the amounts of donations made to charitable organizations by Northeast Utilities and the Company during 2003.
- DTE 2-30 Please itemize the amounts of lobbying expenses included in operations and maintenance expense for 2003. For purposes of this request, use the definition of lobbying expense (including support of legislative activities) as applied in Boston Edison Company, D.P.U. 1720, at 75 (1984); New England Telephone and Telegraph Company, D.P.U. 86-33-G at 101 (1989)).
- DTE 2-31 Please indicate for 2002 and 2003 the amounts paid to EEI and EPRI by the Company or paid by an affiliate and allocated to the Company. Break down the expense into membership dues and other items by identifying each area of expense.
- DTE 2-32 Please provide a ten-year (i.e., 1994-2003) history of wage and salary increases for each of the employee groups (e.g., union, clerical, management).

- DTE 2-33 Please provide a copy of all employee wage contracts in effect during 2003 and those signed after 2003.
- DTE 2-34 Please provide a timing schedule of the wage and salary increases for each employee group for each year from 1999 through 2003 (e.g., union, clerical, management).
- DTE 2-35 Please provide the number of Northeast Utilities and Company employees at the end of each month for the years 1998 through 2004 by employee group (e.g., union, clerical, management).
- DTE 2-36 Please provide the total amount of deferred salaries and wages incurred during 2003 and the total salaries and wages for each of those periods.
- DTE 2-37 Please provide the annual percentage of overtime hours worked compared to total hours worked for each of the last five calendar years. Provide the total expense associated with overtime wages and salaries incurred during the year 2003.
- DTE 2-38 Please indicate whether the Company incurred any labor disruption costs during 2003 and if so, provide for each such disruption:
- (1) the date the disruption commenced;
 - (2) the date the disruption concluded;
 - (3) the nature of operations affected;
 - (4) the estimated cost of the disruption;
 - (5) the basis for calculating the estimated cost of disruption; and
 - (6) the accounting treatment given the costs of each disruption.
- DTE 2-39 Please provide the latest actuarial reports used to determine the Company's pension cost and post retirement benefits other than pensions ("PBOP") cost.
- DTE 2-40 Please provide the following information regarding the Company's pension plan and PBOP plan (separately):
- (1) the amount of expense included in the years 1991 through 2003 operations and maintenance expenses as well as the basis for those amounts;
 - (2) the amount of cash contribution to the trust fund made during each of the last thirteen years (i.e., 1991-2003);

- (3) the 2003 year-end amounts of total accumulated pension benefit obligation (vested and non-vested);
- (4) the 2003 year-end amount of total projected benefit obligation (vested and non-vested); and
- (5) the market value of the 2003 year-end trust fund assets.

DTE 2-41 Please provide a breakdown of the year-end 2003 expenses for all non-pension benefits available to employees. For each benefit, include a detailed description of the benefit and the conditions that each employee must meet to be entitled to the benefit.

DTE 2-42 Please provide the average health care cost per employee incurred by the Company during the year 2003.

DTE 2-43 Please provide a complete and detailed description of the methods that the Company is using to reduce its health care costs. Include (but do not limit the description to) (1) the Company's provision of incentives for employees to use the least-cost insurer and (2) the Company's efforts to provide incentives for employees to contribute to lower health care costs.

DTE 2-44 Please itemize and quantify all conservation and load management costs incurred by the Company during the test year. Provide a complete accounting of 2003 costs including an indication of the amounts of each activity's costs that are included in operations and maintenance expenses.

DTE 2-45 Please itemize and quantify all environmental cleanup costs incurred by the Company during 2003. Provide a complete accounting of each year's costs including an indication of the amounts of each activity's costs that are included in the Company's operations and maintenance expenses.

DTE 2-46 Please provide the amount of storm damage costs incurred in 2003 and:

- (1) the amount booked by account;
- (2) the amount included in operations and maintenance expense;
- (3) the amount of overtime included operations and maintenance accounts; and

(4) the amount incurred for outside services.

- DTE 2-47 Please provide in list form all fines and/or penalties paid or agreed to be paid in whole or in part by WMECo in 2003 including the nature of each fine or penalty, the date assessed, and the entity assessing WMECo. Provide this information even if appeals are pending and note every instance of an appeal.
- DTE 2-48 Please provide Internal Revenue Service and Massachusetts income tax returns for WMECo for 2003.
- DTE 2-49 Please indicate whether the Company uses normalization accounting for all book/tax timing differences.
- DTE 2-50 Please itemize and quantify the political contributions made by WMECo during 2003 and the account to which these contributions were booked.
- DTE 2-51 Please provide list of all special contracts that the Company has to provide service to its customers.
- DTE 2-52 Refer to Exh. C, Att. 1, Sch. A-1.0. Assume for the purposes of this information request that the Company were to recover all pension and PBOP-related costs through a reconciling pension/PBOP adjustment mechanism. Please recalculate the Company's reported distribution base rate deficiency.
- DTE 2-53 Refer to the Settlement Agreement at 5, Article VIII. Please explain whether it is the intent of the Settling Parties that the Department establish in this proceeding the ratemaking treatment of all expenses, including carrying costs, associated with the NUStart program.